

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6701

BILL NUMBER: SB 304

NOTE PREPARED: Mar 23, 2009

BILL AMENDED:

SUBJECT: Communication of Medicaid Notices and Bulletins.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. C. Brown

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies that a notice or bulletin from the Office of Medicaid Policy and Planning (OMPP) or a contractor of OMPP may be communicated instead of mailed to a party affected by the notice or bulletin, and requires written notice to be provided within a specified time frame.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) This bill may effectively reduce the total length of time between the decision to make a policy change within the Medicaid program and the effective date of the change. The Office of Medicaid Policy and Planning currently may not make a change effective in the program until 45 days after a notice or bulletin has been mailed to the affected parties. The bill would provide that OMPP could make a change effective 45 days after communicating the change, eliminating the time necessary to prepare and mail a notice. Written notices could be accomplished electronically saving postage expense. The cost savings associated with this provision would depend on the number, magnitude, and effect of the changes made within the Medicaid program and the cost difference associated with making the changes effective a few days sooner than is currently possible. Changes could involve reimbursement reductions or increases.

Costs that would be avoided with the elimination of the mailing of paper notices to providers are assumed by a contractor and are reported to be between \$1.7 M to \$2.0 M total. State General Fund savings would be between \$0.85 M and \$1.0 M annually.

The Medicaid Program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 37%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 63%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid and CHIP Programs.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: OMPP, Family and Social Services Administration .

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